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30 AUG 1974

MEMORANDUM FOR: Acting Deputy Director for Administration

SUBJECT : The Planning Process

REFERENCES : (a) Multiple Adse Memo dtd 8 Aug 74 fr  
EO-DD/M&S, subject: DD/M&S Planning  
Council

STATINTL (b) Memo dtd 16 Aug 74 to DD/M&S fr D/L,  
subject: Suggested Agenda Items for  
the [REDACTED] Conference

1. With respect to the increased emphasis on long-term planning and the basic concept of a planning mechanism, this Office envisions long-range planning (3 to 7 years ahead) as essentially an Agency top-management function concerned with forecasting future situations; making estimates concerning these situations; going through the processes of identifying issues, requirements, and potential dangers; analyzing and evaluating the ultimate means for reaching desired goals according to predetermined schedules; estimating the funds and resources required to do the work; and taking action in sufficient time to prepare for and cope with changing conditions or contingent events. We also envision this top-level planning as providing the policies under which the individual offices will operate.

2. At the risk of trying to reinvent the wheel, we would like to propose a concept for long-range planning which would employ the classic techniques of strategic planning and include the mechanism and resources necessary to carry out the complete planning process. Our main thrust being to start those who may be involved with the planning process to begin thinking of the total concept of planning; i.e., to conceptually have everyone operating on the same basis. In this manner we should be able to eliminate the possibility of such a planning effort to suffer an early demise as a staff window-dressing function as did the Deputy Director for Support 15-Year Planning Committee (circa 1965). To this end we shall, therefore, address the subjects of the planning mechanism, the human and material aspects of planning, strategic planning, and mission analysis.

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3. We shall start with the planning mechanism. As noted in paragraph 3 of our Referent (b) submission, we feel that the assignment of a group of Office Directors to perform as a Planning Council under the chairmanship of the Associate Deputy Director for Administration would appear the most effective group to deal with broad-based aggregate planning. Although it is a valid statistic that top-level management devotes 30 to 33 percent of its time to planning of one kind or another with middle-level management using between 22 and 30 percent of its time for the same function, we believe the senior Planning Council will require a subordinate group of planners. As a rule, high-level planning is involved with developing planning methods and factors by which many different situations and assumptions can be evaluated. Because of the complex step-by-step technique required by high-level strategic and mission planning, top management does not have sufficient time to concentrate on precise factors in relation to specific items. Thus, once policy formulation has been established as a result of high-level planning, your subordinate planning group would deal with the precise factors and specific items. This does not mean that the subordinate group cannot participate in the early on-stages of strategic planning. It can, if tasked to, do certain things within certain parameters. A good example of a subordinate planning group dealing with precise factors would be the recent [REDACTED] study. Top-level planners had formulated a policy--close the depot. The subordinate planners, in dealing with precise factors, provided the answers as to the means. Similarly, in support of top-level strategic planning, subordinate planners have provided proposed options concerned with the future of the Logistics [REDACTED] asset. This study dealt with the precise cost and capability factors required by the strategic planners. We would also recommend a planning "secretariat" be established to schedule meetings, maintain files, serve as the official recorder for top-level and subordinate planning sessions, prepare agenda information, and coordinate the actions and input of the subordinate planning group where required. Considering past planning efforts by subordinate planning groups at the office level, the secretariat should also establish a bibliographical reference of all existing as well as future plans at all major planning levels.

4. We noted that the Planning Council members were drawn from the Office of Logistics, the Office of Communications, and the Office of Joint Computer Support as being the most complex offices within the Directorate. However, as there is a definite

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relationship between planning and cooperation among management groups and planning does have an impact on the quality of human relationships, we propose that the Planning Council be selectively expanded to include membership from at least two of the other offices in the Directorate; i.e., Office of Personnel, the Office of Security, the Office of Training, and the Office of Medical Services. With these inclusions, we should produce more constructive "frictions" and preclude the possibility of opposition by an "informal group."

5. Most planning emphasis has concentrated on the formal organization, reporting criteria, evaluations of progress, and the role of machines, but little attention has been paid to the human factor, and, after all, it is people that make the plans work. We must avoid the stereotyped preoccupation with physical tasks and procedural matters and communicate with those who must execute and live with the programs. Mr. Irwin T. Sanders (a planner of note) sees many career administrators as their own worst enemies in the planning process because they think of their roles in terms of efficiency norms and routinized procedures, "... They have been taught administration as the science of budget making, delegations of authority, and personnel management rather than as the art of leading a human organization to respond creatively to changing conditions." To quote planner, Mr. David W. Ewing, "... Perhaps the biggest villain in strategic planning is the leadership group that is almost-but-not-quite charismatic; overconfident of its abilities, overenthusiastic in its sense of mission. . . and picks subjectives that are beyond or foreign to the abilities of those who must live with the product and do the day-to-day work." And we must certainly avoid being hung-up on that one.

6. Strategic planning is the specialized branch of the planning activity which is primarily concerned with anticipating events or contingencies, making diagnoses, and shaping appropriate courses of action so that an organization will be in the best position to respond effectively to contingencies. One of the more recent examples of planners, in this case a subordinate group, dealing with precise factors in a strategic sense was the Office of Logistics study concerning the shortage of paper and related products. The contingency--a real and predicted shortage which would impact on the Agency. The study--a diagnosis which lead to top management formulating a policy and establishing a Directorate objective (B57801). This in turn resulted in forming a "Materiel Resources Group" of planners to deal with specifics and keep management advised and in a position to respond to any predicted future situation arising from this contingency. Long-range policy

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formulation and strategic planning are closely related. Policy is essentially an agreement, however arrived at, by decree or by consensus, but preferably by a meeting of minds after examining alternatives, that is concerned with objectives of action and the ways and means to achieve those objectives. Policy implies an accurate forecast of needs to cope with future situations, the capability and authority to act, and the will to act at the proper time. Attachment 1 is a chart graphically describing the explicit and implicit elements of policy that unify and permit its transformation into a course of action. Set forth below are the basic elements of strategic planning.

a. Strategic Analysis: Primarily concerned with forces of action with the term "option" denoting defined courses of action which have been subjected to selection procedures and judged by competent authority as suitable. In other words, a set of studied choices open to the decision makers.

b. Suitability: Applying several sets of criteria to screen the options and reduce, in accordance with policy guidance, mission responsibilities and assumptions.

c. Feasibility: Suitable courses of action subjected to feasibility studies to rule out those not feasible. Feasibility is judged against the following factors:

- (1) Standards or operational requirements.
- (2) Operating environment.
- (3) Restrictions imposed by physical limitations.
- (4) Limitations of resources, i.e., funding, personnel, skills, etc.

Note: All factors should be appraised separately and together.

d. Acceptability: The courses of action judged suitable and feasible are subjected to analytical evaluations to provide basis for ruling out unacceptable courses of action. There are four factors involved with acceptability. These factors and a chart showing the mechanism for the feedback and recycling of selection criteria used in the process of ascertaining suitability, feasibility, and acceptability are appended as Attachment 2.

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Attachment 3 is a chart depicting the steps used to evaluate feasible alternatives to arrive at the judgments which provide acceptable alternatives.

7. In mission analysis, the sole task is to develop a concept of the mission in relation to the situations, events, and contingencies expected to be encountered in the future. Ergo, the preliminary planning step leading to the strategic analysis project. Basic parts of mission analysis are the factors of needs and issues. To arrive at a correct analysis it is necessary to examine (visualize) future potential situations, events, and contingencies, then diagnose the needs as a basis for delineating the issues and finally what courses of action to take.

8. The concept of strategic planning presented herein places primary emphasis on reaching agreements in a series of steps, and agreements are required at each step in the planning operation before proceeding to the next step. A brief description of these steps is provided by Attachment 4.

9. It should be noted that we have deliberately omitted systems analysis as a factor because it applies mainly to those areas where you have hardware or engineering development stages. Although systems analysis is used to support cost effectiveness evaluations, what it generally evaluates is the performance of a system or its components as opposed to its strategic effectiveness.

10. In conclusion, high-level managers and their senior planners must be able to visualize future needs, identify important issues they may face, and initiate timely and appropriate action in order to keep the risks of being caught unprepared to an absolute minimum. Competent strategic plans will furnish necessary support and act as guides to management actions. In strategic planning a high degree of diagnostic skill is required to provide the insight so necessary to perceive future situations. The application of exceptional foresight is also required to determine the constraints, the opportunities, any roadblocks, and the contingencies that may be met on the way to the desired goals. Mission analysis and strategic analysis can help to provide these requirements and should be the basis for policy agreements that will make the follow-on programming and budgeting systems an effective management instrument.

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We must avoid plowing headlong into strategic planning with supreme confidence and find ourselves with that "almost-but-not-quite charismatic group." In connection therewith, we believe that there are certain pitfalls or obsessions that must be considered, and these are listed in Attachment 5. Attachment 6 provides some basic concepts for mission and strategic planning.

**/s/ Michael J. Malanick**

**Michael J. Malanick  
Director of Logistics**

**6 Atts**

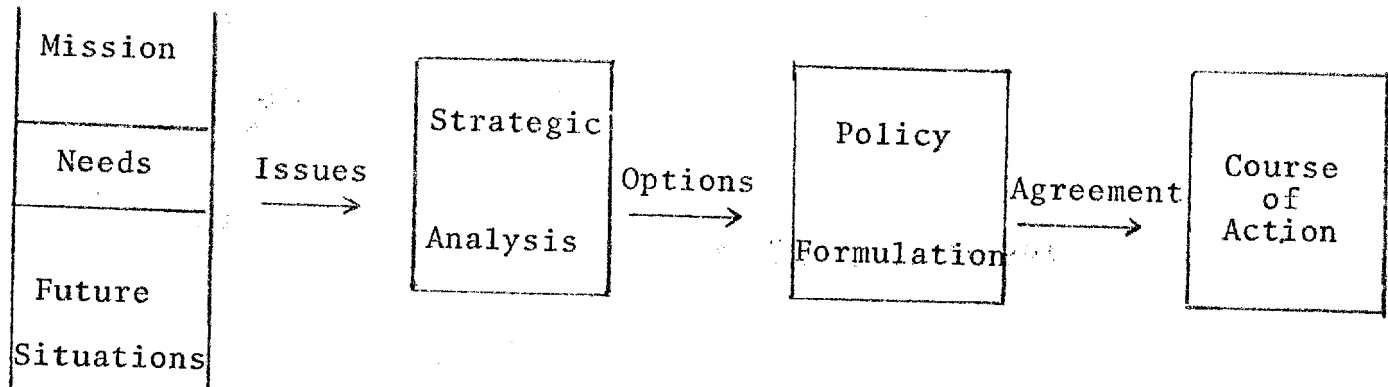
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STATINTL

**AEO/OL: [REDACTED]:jw/cts:3491 (29 Aug 74)**

EXPLICIT AND IMPLICIT ELEMENTS OF POLICY



NOTE: Ends (objectives or goals), ways, and means are strategic elements in planning. These are generally evaluated in a serial arrangement one at a time. However, a coordinate arrangement, as reflected by the schedule below, may be judged more suitable. To clarify, quite often strategy is limited or determined by the means available; in addition, the lack of an explicit policy will result in an inclination to look first at the means proposed or available. In these cases the what-have-we-got-to-do-it-with overshadows the ways of achieving the ends or goals; i.e., the manager has no other choice; and the objectives, the ways, and the overall strategy are determined by the means. Given a clear choice, managers should use all of the interactions provided by the schedule. In the preferred order, a manager would examine: first, the ends (goals) they wish to accomplish; next, explore the ways or methods to achieve the goals; then, assess the means in terms of funds and other resources (human and material) available.

ORDER

	<u>First</u>		<u>Second</u>		<u>Third</u>
1.	Ends	→	Ways	→	Means
2.	Ends	→	Means	→	Ways
3.	Ways	→	Means	→	Ends
4.	Ways	→	Ends	→	Means
5.	Means	→	Ways	→	Ends
6.	Means	→	Ends	→	Ways

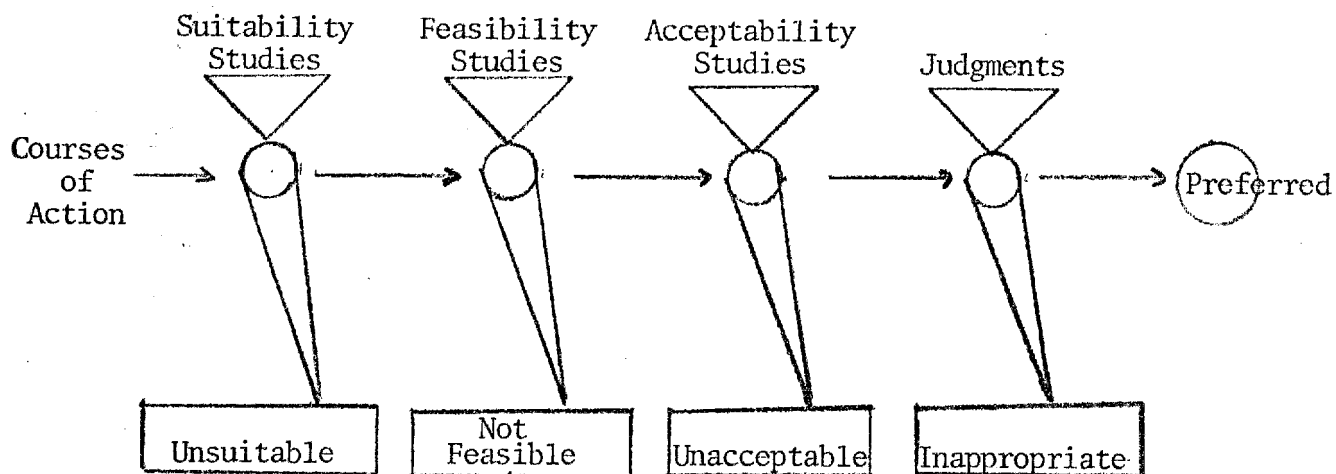
THE FOUR ACCEPTABILITY FACTORS

1. Timing
2. Contingent Events as Forecasted
3. Performance of Proposed Means Employed in Different Ways
4. Gross Cost Estimates

NOTE: These factors are examined by varying the parameters and relating their effects in sensitivity analyses, i.e., a graphic charting of the various relationships, sensitivities, and trade-offs to aid in arriving at judgments of strategic effectiveness. In strategic analysis assumptions concerning contingent events, timing, cost, and performance are employed to a much greater extent than in systems analysis, although the techniques are similar. In strategic analysis the techniques are used to explore boundary conditions, to surface important interfaces, and to locate critical trade-offs among the factors involved. The payoff from these evaluations is a group of acceptable alternatives or options which are candidates for policy formulation and decision. Inappropriate alternatives can be shelved for future reference if any need should arise.



STEPS USED TO EVALUATE FEASIBLE ALTERNATIVES



STEPS USED TO REACH AGREEMENTS  
IN THE STRATEGIC PLANNING PROCESS

1. Diagnosis of needs,
2. Identification and delineation of issues,
3. Formulation of proposed courses of action to settle the issues,
4. Elimination of inappropriate proposals and retention of the suitable, the feasible, and the acceptable,
5. Preparation of the retained alternatives as options for a policy decision,
6. Agreement concerning the policy, i.e., the objectives, ways, and means of action, and
7. Transformation of the policy into a preferred course of action as the basis for program and budget planning.

**ADMINISTRATIVE - INTERNAL USE ONLY**

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PITFALLS OR OBSESSIONS TO AVOID

1. Concentration on physical facilities and programs.
2. Emphasis on external environment, i.e., technological developments, short-deadline demand forecasts, current trends, etc.
3. Blueprinting the future--The art of using planning as a device to "fix" the future. Basic assumptions and view-points become fixed.
4. Failure to communicate--People fear a planned change and they resist being changed by other people unless they know why.
5. Overestimating the logical appeal of plans and resulting programs and underestimating the difficulty of making changes at the operating level.
6. Ignoring the existence of the "informal group," again a lack of communications. The informal group (mainly just concerned people) has an amazing ability to resist planned changes from outside planners. The informal group generally has a conservative influence on the planners, more often than not, a braking effect. Note: Successful planners pay daily respect to the informal group power.
7. Failure to analyze the talents and abilities of people in the organization as well as material resources. This has a lot to do with appraisal of tangible abilities such as identifying the efficiency minded, those with extraordinary skills or "know-how," and those with the ability to make decisions. At the same time, an assesement should be made of values and aptitudes and characteristics that can be classified as intangible assets.
8. An inability to be flexible and depart from any segment of the "master plan" in favor of an alternative strategy.
9. Regarding policy as the way things are being accomplished, i.e., a state of affairs arrived at by muddling through and hoping for the best, not by exercise or strategic foresight.
10. Using contemporay positions as a fixed and inflexible policy guide for the future.
11. Concentration on the idealistic or extreme visionary programs not germane to the immediate and practical interests of the organization.

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**ADMINISTRATIVE - INTERNAL USE ONLY**

BASIC MANAGEMENT CONCEPTS FOR MISSION AND STRATEGIC PLANNING

1. Determination as to what kind of business we are really in and how do all of the elements relate to one another. Admittedly a mixed bag, and it will not suffice to simply say "services."

2. Employing available resources in the proper manner, especially when changing circumstances or contingencies require a change of course.

3. Considering the element of leadtime in planning for contingencies far enough ahead to allow enough time for preparation and maneuvering.

4. The identification of possible or probable roadblocks and sources of interference which could delay or preclude reaching mission goals.

5. Conceiving a conceptual framework for planning, with a platform being the concept of the mission, around which to organize and guide systematic information gathering and analysis.

6. Recognizing that a contemporary position will suffice only for short-range procedures with limited capabilities.

7. Minimizing risks of being caught unprepared by relating the mission to estimates of future situations.

8. Based on the planning process and derived from all of the analyses and studies that define the courses of action or options, to agree on an appropriate policy, transform it into a preferred course of action and march forward.

9. Considering that when we think of long-range planning, we are thinking of those plans which will cover the period from 3 (preferably 5) to 7 years downstream.